



Jami Snyder
Director
801 East Jefferson, MD 4100
Phoenix, Arizona 85034

Douglas A. Ducey, Governor

Michael Traylor
Director
1789 West Jefferson, MD 1111
Phoenix, Arizona 85007

January 29, 2019

Patrick White
Chief Executive Officer
Hacienda HealthCare
1402 E. South Mountain Avenue
Phoenix, AZ 85042

Mr. White:

This letter is in response to Hacienda HealthCare's (Hacienda) response to the State's requirement for Hacienda to enter into a qualified independent third-party management agreement to oversee the day-to-day operations of both the Skilled Nursing Facility (SNF) and the Intermediate Care Facility (ICF-IID) in a manner consistent with the requirements listed in 42 C.F.R. 488.415. We are in receipt of your letter, Memorandum of Understanding and proposal from Benchmark Human Services (Benchmark).

The State is approving Hacienda to proceed with finalizing the Definitive Agreement with Benchmark contingent upon the following conditions:

1. Benchmark must assume the temporary management of both the SNF and ICF/IID on January 30, 2019 with an Arizona licensed Nursing Administrator assuming management of the SNF and an experienced and knowledgeable Administrator assuming management of the ICF/IID. Benchmark must provide AHCCCS with a current copy of the SNF Administrator's Arizona Nursing Home Administrator license. Based on the resumes submitted for the individuals identified as part of your Memorandum of Understanding, the State accepts that the individuals have the appropriate knowledge, skills and management experience.
2. Benchmark must be responsible for on-site day-to-day management of both the SNF and the ICF/IID. Management of the ICF/IID must include an onsite presence during evenings and weekend hours.
3. In addition, Hacienda shall engage a third party to perform a comprehensive assessment of all Hacienda ICF/IID and SNF staff as well as Executive Leadership at Hacienda HealthCare to confirm that these individuals have consistently demonstrated the highest standards of conduct. The assessment, which may be performed by Benchmark or another qualified contractor, must include, at a minimum, verification that each individual possesses all appropriate credentials for the particular position, an extensive background check for each individual, and confirmation of no substantiated findings of inappropriate conduct. An initial written report detailing this assessment and any findings must be received by February 15, 2019. Weekly written updates must also be submitted every Friday, beginning February 22, 2019, until such time that the comprehensive assessment of ICF/IID staff, SNF staff and Hacienda HealthCare Executive Leadership is completed and all recommended personnel actions are implemented.
4. Benchmark is responsible for the development and implementation of all required plans of correction within established timeframes with respect to licensure, certification, and/or regulatory deficiencies.

Benchmark must ensure both the SNF and ICF-IID facilities are in compliance with all state and federal laws and regulations.

5. Benchmark, as the third-party manager, must ensure that an independent assessment and establishment of continuity of care plans for each resident is completed by no later than April 16, 2019, as initially outlined in the January 19, 2019 letter. The Benchmark proposal states in part on page 2, paragraph #4:

"While not a formal part of this project plan, the review team will work with the Temporary manager and facility staff responsible for the review of existing assessments and 'Plans of Care' for individuals in the SNF and 'Individual Program Plans' for individuals served in the ICF/IID, the conduct of new or more extensive assessments if current assessments are deemed incomplete or missing, and revision of Plans of Care/Individual Program Plans necessary to provide individualized continuity of care plans to 'ensure the safety of each resident and plans necessary in the event the resident needs or desires to transfer to a different health care setting' as required in the January 16, 2019 notice to Hacienda Health Care from AHCCCS and DES."

This section must be clarified as Benchmark is the third-party Temporary Manager and must have the responsibility for completion of the required assessments and continuity of care plans as outlined in the January 16, 2019, letter.

6. Hacienda must provide a target date for finalization of the Definitive Agreement and submit the finalized agreement upon completion.
7. Hacienda must resubmit clarifications of items 1-6 above no later than **COB Wednesday, January 30 2019**, to Virginia.Rountree@azahcccs.gov and Charlie Green at JGreen@azdes.gov.

Questions regarding this directive and ongoing related communications are to also be directed to Virginia Rountree, Assistant Director for AHCCCS, at 602-417-4122 and Charlie Green, Assistant Director for DES, at 602-542-0125.

Sincerely,



Jami Snyder
Director
Arizona Health Care Cost Containment System



Michael Traylor
Director
Arizona Department of Economic Security